

2021

ANNUAL REPORT

April 28th, 2022



STATEMENTS OF FINANCIAL CONDITIONS

STATEMENTS OF INCOME & EXPENSE

SUPERVISORY COMMITTEE REPORT

DECEMBER 31, 2021 AND 2020

2021

2020

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 92,759,856	\$ 58,202,743
Deposits in Other Financials	\$ 498,000	\$ 1,743,000
Securities - Available-for-Sale	\$ 1,026,126	\$ 20,232,155
Securities - Equity	\$ 9,361,831	\$ 19,223,518
Other Investments	\$ 3,462,883	\$ 3,727,363
Loans Held-for-Sale	\$ 9,808,571	\$ 15,766,643
Loans, Net	\$ 738,013,767	\$ 670,169,140
Accrued Interest Receivable	\$ 2,037,337	\$ 1,929,450
Premises & Equipment, Net	\$ 22,432,134	\$ 23,956,462
NCUSIF Deposit	\$ 7,255,471	\$ 6,502,612
Other Assets	\$ 45,511,182	\$ 37,064,099
Total Assets	\$ 932,167,158	\$ 858,517,185
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' Share and Savings Accounts	\$ 779,997,076	\$ 709,157,416
Notes Payable	\$ 50,445,000	\$ 59,420,000
Accrued Expenses and Other Liabilities	\$ 9,895,176	\$ 6,691,106
Total Liabilities	\$ 840,337,252	\$ 775,268,522
Members' Equity		
Regular Reserve	\$ 10,368,986	\$ 10,368,986
Undivided Earnings	\$ 85,508,145	\$ 78,411,065
Accumulated Other Comprehensive Loss	\$ (4,047,225)	\$ (5,531,388)
Total Members' Equity	\$ 91,829,906	\$ 83,248,663
Total Liabilities and Members' Equity	\$ 932,167,158	\$ 858,517,185

DECEMBER 31, 2021 AND 2020

2021

2020

INTEREST INCOME	2021	2020
Loans	\$ 29,966,758	\$ 27,965,197
Securities and Interest Bearing Deposits	\$ 786,809	\$ 1,159,767
Total Interest Income	\$ 30,753,567	\$ 29,124,964
INTEREST AND DIVIDEND EXPENSE		
Member Deposits	\$ 2,668,056	\$ 4,240,444
Special Dividend	\$ 472,250	\$ 438,200
Borrowed Funds	\$ 1,281,992	\$ 1,517,165
Total Interest and Dividend Expense	\$ 4,422,298	\$ 6,195,809
NET INTEREST INCOME	\$ 26,331,269	\$ 22,929,155
PROVISION FOR LOAN LOSSES	\$ 1,370,540	\$ 2,412,776
Net Interest Income After Provision for Loan Loss	\$ 24,960,729	\$ 20,516,379
NON-INTEREST INCOME		
Service Charges and Fees	\$ 5,378,784	\$ 5,313,674
Other Non-Interest Income	\$ 5,986,307	\$ 4,831,564
Gain on Sale of Investments, Net	\$ 84,237	\$ 222,017
Gain on Sale of Loans, Net	\$ 567,161	\$ 2,624,542
Total Non-Interest Income	\$ 12,016,489	\$ 12,904,999
NON-INTEREST EXPENSE		
General and Administrative:		
Employees Compensation and Benefits	\$ 17,537,603	\$ 15,828,648
Office Occupancy and Operations	\$ 5,017,489	\$ 4,860,515
Other Operating Expenses	\$ 7,319,415	\$ 6,647,677
Loss on Sale of Assets, Net	\$ 5,631	-
Total Non-Interest Expense	\$ 29,880,138	\$ 27,336,840
NET INCOME	\$ 7,097,080	\$ 6,084,538

Meeting the Needs of Our Members

The Supervisory Committee of Ideal Credit Union has long been considered the "watchdog" of this financial institution. We strive to ensure the integrity, accuracy and efficiency of your credit union. Our committee meets regularly to examine different aspects of the credit union's operations. Acting as your representative, the Supervisory Committee ensures that the board and management meet required financial reporting objectives and have established policies and procedures sufficient to safeguard the credit union's assets.

To help conduct a thorough examination of Ideal CU's financial condition, the Supervisory Committee selected CliftonLarsonAllen, LLP, to conduct an external audit of the credit union. In addition, the Supervisory Committee utilizes the services of CliftonLarsonAllen, LLP to conduct internal audits. These audits include account verification, internal control reviews, regulation compliance, security policy review and business continuity planning.

From our examinations, and from reviewing the 2021 auditor's report, it is our opinion that Ideal Credit Union is operating in accordance with the bylaws of the credit union, statutes of the State of Minnesota and the policies set forth by the Board of Directors.

Your questions are researched and answered by this committee. You are encouraged to report any apparent errors or omissions on your statement to us. This enables us to evaluate the effectiveness of your credit union's policies and procedures.

We feel that Ideal Credit Union is an exceptionally well operated and managed financial institution. **We look forward to continued growth and success.**

Rick Osborn *Erin Petschel* *Sara Racine*
Rick Osborn, **Erin Petschel** **Sara Racine**
Chair

GIVING BACK TO OUR COMMUNITIES

Reflecting on our important role in the communities we serve with some very proud accomplishments from 2021.

- We donated over \$14,150 dollars through the Ideal CU Community Foundation.
- From the Brain Tumor 5K to local food shelves, Ideal CU employees and their families donate hundreds of volunteer hours each year helping in our community.
- Ideal Employees Stepped Up for "Casual for a Cause" donating \$1,500 each quarter.
- Ideal's Annual Community Appreciation Event awarded \$11,100 in cash and prizes.



CHAIRMAN'S REPORT

As your board chair, I want to share how rewarding it is to help lead our credit union. Our board and employees at Ideal help to ensure the credit union delivers the best financial products and services in the industry for you – the members. We also are part of planning and creating a vision for the future at Ideal Credit Union. We want the credit union to meet the needs of our members today and for generations to come.

A lot has changed since this credit union was founded in 1926, among what's remained constant is our focus on serving our members and the community. Ideal Credit Union stands apart, because of our collective ability to embrace change and create opportunities. In addition, we are dedicated to continually create a personal membership experience. And, Ideal's board and leadership focus on growing the credit union at a steady, sustainable pace.

Over the last year, the board, management team and employees have been focused on our future - developing Ideal Credit Union's 2027 strategic path forward. As result of that collective work, I'd like to share our strategic framework for 2027. It includes our purpose statement, guiding values and creates a vision for the strategic direction forward.

We affirmed Ideal Credit Union's Purpose Statement: ***Every day we are dedicated to our members and their financial goals.***

We named our Guiding Values: **Integrity • Learning Organization • Striving for Excellence • Teamwork**

We defined the vision for cultivating opportunities, enhancing Ideal Credit Union and being in a new strategic position by 2027. The direction forward is defined by six key strategic framework statements:

Ideal Credit Union has:

- a seamless delivery strategy, focused on building a personalized member experience.
- business processes highly optimized for efficiency and leveraging automation.
- enhanced its product offerings to generate additional revenue via diversified sources.
- a knowledgeable, collaborative, and engaged workforce (employees and volunteers).
- meaningful community and member give-back.
- proactively considered all mergers/acquisitions that would meet strategic needs where we are the successor.

About the Board of Directors & Serving Your Credit Union

Achieving our purpose and demonstrating our values while carrying out the work needed to achieve this strategic framework by 2027, takes all of us working together.

Your Ideal Credit Union Board of Directors is made up of volunteer members – people just like you. As a board, we are responsible not only for planning for the future, but also ensuring the finances of the credit union are managed properly, we monitor and approve the annual budget, we ensure compliance and provide oversight for all Ideal Credit Union's policies and practices.

We invite you to consider serving on the Ideal Credit Union board of directors. Members are selected by election during this annual meeting every year. You'll be hearing more from us as we look to engage new board members and volunteers at Ideal Credit Union.

Peter Olsen

Peter Olsen, Chairman of the Board

A MESSAGE FROM OUR PRESIDENT & CEO

I've been leading Ideal Credit Union as CEO for more than 10 years now. While that may seem like a long time, it's just part of my journey at Ideal. I've spent my career here, nearly 40 years. I'm proud that together we've made Ideal Credit Union rank among the top ten credit unions in Minnesota. Being the biggest was never the goal throughout our history, but being our best was always the goal – serving our members and our communities. There is always work to do, and I'm proud of where we are today.

Cooperatives like credit unions create power in numbers and the idea that we are stronger together than we are on our own. When you peel back all the layers of value a credit union offers members – one of the most important things we offer members is empowerment. The power we have together to create a vision for our credit union, like Peter shared from our board's strategic planning work. We can act decisively, plan and create our future. Knowing that future means more members will own homes, cars, send kids to college and retire – empowered. More members will get to know Ideal and leverage the financial education we provide and feel confident in the financial decisions they make – empowered. Together this year, on the heels of a pandemic we grew in all areas of the credit union. Ideal Credit Union's assets are nearing an all-time high at more than \$932M, closing in on 1Billion in assets.

Our net income grew from \$6,084,538 in 2020 to \$7,097,080 in 2021. Ideal Credit Union's business services achieved 53.6% growth during 2021. Ideal Credit Union's Wealth Advisors grew to \$146m in assets under management or AUM. Additionally, we increased capital reserves as a credit union by 7.99%. Our mortgage growth was 12.24%, plus 5.82% growth in our servicing mortgage portfolio. Our Membership grew to 51,096. Together we achieved above average growth compared to other credit unions.

We're also taking the member experience inside our branches to the next level in key ways. All Ideal branches are open and serving members in-person. We are delivering a new level of personalized service with scheduled in-branch meetings for members and staff. One of the great things we've learned during this is our Ideal staff are prepared to meet with members and they are focused on your needs.

As we gathered for the Ideal Credit Union annual meeting, we are as strong and empowered as we have ever been in our history. When we are empowered we are given the strength to meet the challenges of today and look to the future with confidence. One of the many reasons people join Ideal Credit Union is the value they receive getting a new home or car loan. We strive to continually create new value for Ideal members. A few new ways we accomplished that this year include:

- Ideal's VIP+ program rewarded members with an annual dividend payout of \$472,250 based on 2021 earnings. The payment marked a key milestone for the program with total payouts over \$5Million since the program began.
- Ideal Credit Union introduced the RoundUp Savings program. Which allows Ideal debit card users to round up their purchases and have that amount deposited in their savings account. This creates an easy way to build a savings cushion.
- Ideal added cash-back for Ideal Visa reward points.
- We introduced new contactless payment cards.
- We recently rolled out the new person-to-person payment technology with Zelle®.

I would like to thank our Board of Directors and our Supervisory Committee for their leadership in 2021. I also want to thank all of our members for being a part of Ideal Credit Union.

Brian G. Sherrick

Brian G. Sherrick, President & CEO

CREDIT MANAGER'S REPORT

Meeting Our Members' Borrowing Needs

During 2021 your credit union originated over \$369.2 million in new loans to its members. This strong origination volume led to 10.02% in total loan growth for the year. During 2021 the lending area converted to a new lending system to provide faster and better service to our members both digitally and in the branch. The credit union is committed to continually strive to enhance our lending products and services that are so important to helping our members achieve their financial goals. An important goal for many of our members is that of owning a home.

Your credit union continues to have a very strong mortgage program to assist members in meeting their home ownership goals and we had 12.24% growth in our mortgage portfolio, while increasing our mortgage-servicing portfolio by 5.82%. The credit union's business portfolio grew 53.6% during 2021. While still a relatively small portion of our overall loan portfolio this area continues to see strong growth as we work to meet the needs of our business members.

Your credit union always works to provide a fair and responsible lending program. However, if a member believes that his or her application was unfairly denied, that person is advised to have the application reviewed by the Credit Manager. If still dissatisfied, he or she can submit a written request to the Board of Directors.

Ideal continued to show consistent growth with strong loan quality in 2021. We finished the year with a loan to share ratio of 95.27%, which demonstrates our commitment to ensure we are lending out our deposits to serve our members and our communities.

Rick Blood

Rick Blood, Credit Manager